



**APPROVED MINUTES
CITIZEN BOND REVIEW COMMISSION**

**Human Resources Building, Pinnacle Room
7575 E. Main Street
Scottsdale, Arizona 85251
Thursday, November 3, 2005**

CALL TO ORDER

A regular meeting of the Scottsdale Citizens Bond Review Commission was called to order at 5:03 p.m.

ROLL CALL

Present:

Steven Sagert, Chairman
Sam West, Vice Chairman
Don Adams
Larry Beckner
Judith Brotman
Judy Frost
Paul Hughes (arrived at 5:33 p.m.)
Chuck Kaufman
Tom Lanin
Will Magoon
Don Raiff
Eric Schechter
Sue Sisley
Lee Tannenbaum

Staff: Steve Bennett, Deputy City Attorney
Craig Clifford, Financial Services General Manager
Al Dreska, General Manager
Roger Klingler, Assistant City Manager (arrived at 5:24 p.m.)
Judy McIlroy, Senior Budget Analyst
Tim Milleck, Manager, Senior Center
Don Penfield, Facilities Management Director
Judy Weiss, Parks and Recreation Director
Sylvia Romero, Senior Budget Analyst, CIP Coordinator
Art Rullo, Budget Director
Dan Worth, City Engineer

Others Present: Larry Heath
Councilman Lane

A formal roll call confirmed the presence of Commissioners as noted above.

Chairman Sagert welcomed Councilman Lane to the meeting.

Approval of Minutes of May 5, and September 8, 2005 Meetings

COMMISSIONER ADAMS MOVED THE APPROVAL OF THE MINUTES AS AMENDED OF THE MAY 5, 2005 MEETING. COMMISSIONER BECKNER SECONDED THE MOTION. UPON A VOTE, THE MOTION PASSED BY A VOTE OF 13 (THIRTEEN) TO 0 (ZERO). COMMISSIONER CHARLES KAUFMAN ABSTAINED DUE TO NOT HAVING BEEN A COMMISSION MEMBER AT THAT TIME.

COMMISSIONER FROST MOVED TO APPROVE THE MINUTES OF THE SEPTEMBER 8, 2005 MEETING. COMMISSIONER MAGOON SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY BY A VOTE OF 14 (FOURTEEN) TO 0 (ZERO).

NEW BUSINESS

AGENDA ITEM A, ARIZONA OPEN MEETING LAW

Mr. Bennet, Deputy City attorney gave a presentation about the Arizona Open Meeting Law, with particular reference to e-mail correspondence. He recommended that Commissioners can avoid trouble by corresponding with members of staff rather than other Commissioners. He also suggested a disclaimer that can be added to e-mail messages, which demonstrates the intention to comply with the Open Meeting Law.

A discussion ensued on the Attorney General's opinion and the types of communication that can be subject to public records requests.

AGENDA ITEM B, FINANCIAL MANAGEMENT UPDATE

Mr. Clifford referred commissioners to the schedule in the packet, which shows the total bond authorized by the voters and the previous bond issues. Bonds are issued in a series. The City had two prior issues, and a competitive bond issue is planned for November 16. Staff met last week with all three of the rating agencies, who have

reaffirmed the City's AAA rating. This will ensure that investors will want to buy the bonds and will also yield the lowest possible interest rate to be paid by the City.

Mr. Clifford read the Fitch article into the record. "The AAA rating reflects the City's vibrant and diversified economy, exemplary fiscal management and strong financial performance. The economic activity in the city has rebounded after a moderate slowdown during a recent recession. Retail sales and construction activity are exhibiting positive trends, enabling the city to boost program spending at Fiscal 2006. This increase in budget outlays follows several years of spending reductions in various departments due to the recession. The City's response to the slowdown was typical and demonstrates the strength of Scottsdale's planning and forecasting practices, which Fitch believes mitigates concerns about the city's reliance on economically sensitive sales tax as an operating revenue source."

Standard & Poor's main points in their AAA rating are: strong management practices supported by official policies governing budgeting; budgeting reserves and debt issuance; very strong finances including high reserve levels and a growing revenue base; a leading market position; a very strong underlying regional economy, and a low debt level.

Mr. Clifford added that the reference to "low debt level" refers to the General Obligation Bonds, because the City has been paying down past debt as they gear up to issue the debt authorized by citizens in 2000. He is hoping for an interest rate of approximately 4.5 percent on the open market. After this issuance, the City will have issued 56 percent of the authorized bonds. Two future debt issuances are planned in later years to complete the total bond issue.

Expenditures and commitments (construction contracts) are listed under the various projects in the Bond 2000 program. With the current debt forecasting, they expect the property tax to remain level over the next five years.

Commissioner Raiff congratulated Mr. Clifford on his work to maintain the City's credit rating coming out of the economic setback. He noted that Scottsdale's rating is uninsured, unlike many municipalities. Commissioner Raiff asked what the life of the bonds would be. Mr. Clifford replied that they aim for an average lifespan of ten years. He is hoping for an average interest rate of 4.5 percent. In answer to a question from Commissioner Raiff, Mr. Clifford said that the amount of outstanding general obligations has dropped somewhat because they have been paying off existing debt.

Chairman Sagert asked what the last rating was. Mr. Clifford said they sold some bonds for the ASU site. While it is not part of the Bond 2000, the rating was AA+, which is the highest it could be.

Commissioner Adams asked about property tax levels, noting information published on the City website. Mr. Clifford noted some inaccuracies in the articles. For example, despite what the Fitch rating said, Scottsdale did not cut any city services during the recession. The current property tax rate is \$1.04, not \$1.07 as the article says. When the Bonds were authorized in 2000, they stated to the public that property tax would not exceed \$1.50 per \$100. The rate has been lowered for eight consecutive years. Mr. Clifford explained that in 2000 voters had authorized the City to issue debt and to tax themselves to pay for the projects. During the time, the City has refunded some prior

debt that brought down existing debt cost. Assessed property values have risen. Taxes collected to pay for bonds can only be used for that purpose. There are no plans for any other General Obligation debt.

Commissioner Adams thanked Mr. Clifford for his explanation, saying he appreciates the fine job the City has done of managing the debt issue. He wanted to understand the debt level that the City had promised the citizens as a result of implementing the bonds to pay for the projects versus the current debt level the City is actually experiencing because of the rate of implementing the projects. Part of that is because some of the projects are behind schedule, less debt has been issued to date that was originally planned. He asked whether the City could stay within the debt limit and move projects forward.

Mr. Clifford replied that the City can stay within the debt limit, but may not be able to stay within the financial policies and manage the burden upon citizens. Also it might not be possible to operate the facilities. Debt limit is only one aspect to consider. A more important consideration is the City's ability to pay off debts and have a reasonable debt load over time while managing finances to operate the facilities. He feels that bond issuance is on track. He reminded the Commission that many of the Bond 2000 projects were not premised on immediate need. The plan was always to issue debt over time. He said that the City can issue more debt but they would have to look at the impact of operating costs on the City budget. These are paid out of sales tax, user fees and other fee revenues. The City is trying to maintain reserves, which are set aside for emergencies and also are a factor in the City's excellent rating.

Chairman Sagert noted that they are now almost exactly four years into the program and 56 percent of the bonds have been issued. Commissioner Adams quoted from the voters pamphlet, "It is currently estimated that the bonds would be sold over a seven-year period." Mr. Clifford said the tentative plan is to issue the rest of the debt over the next four years. However, this is all dependent on the City's ability to move projects forward and be able to pay the operating costs.

Chairman Sagert pointed out to Commissioner Adams that the word "estimated" used in the pamphlet is not the same as "promised," which Commissioner Adams had used when questioning Mr. Clifford. Commissioner Adams agreed that "what the voters were told" was a more accurate wording than "what voters were promised."

Commissioner Raiff said he expected that at the time of the vote, there were estimates of how fast things would be spent. The economic downturn was a consideration they are all aware of. The Commission understands concerns about operating expenses. He believes that although the Commission should hold itself accountable, estimates had always been identified as that and were not presented as promises or firm information. He does not feel any promises have been broken. Chairman Sagert said he felt that Commissioner Adams misspoke when he used the word "promise."

Vice-Chairman West asked if the City has any factor that they use that relates overhead created by these capital projects to general income. Is there a standard of any kind for the relationship between capital expenditure creating increased overhead and general income? Mr. Clifford answered that there is not. He explained that the City has approximately 300 projects of all types spanning multiple years. Some have nominal operating costs and these had been moved forward and were completed during the

recession. Other projects with higher operating costs were premised upon future growth. Many factors must be taken into consideration and watched year by year.

Vice-Chairman West asked how close to capacity the City is on construction projects, while being able to maintain good control of what is going on. Mr. Klingler said the issue of staff's capacity is not a major driver in this. Operational impacts and the impacts on citizens are much more important factors than staffing. Vice-Chairman West said maybe the question should have been more than just staffing.

Mr. Klingler said that projects in busy areas of the City have to be timed so that tourism is not affected. He noted other factors that staff take into account when planning. He understands that the Commission wants to see projects started. The bond issue was an ambitious program and the City had an unanticipated downturn in the first three years. The Commission has endorsed the changes staff had to make. At the next meeting, February 2006, the Commission will determine the projects to be undertaken over the next year and take a look at plans for the five-year CIP.

Commissioner Beckner wanted to offer a perspective that might be helpful. He and other Commission members was involved in early 2000 in putting together the bond package that went to the voters. No one anticipated the post-9-11 downturn. He favors moving projects forward, yet felt that the City's response to the economic downturn was appropriate. With increased property values, the City has an opportunity to keep property taxes low.

Commissioner Sisley said she is comfortable with the way things are going, but is glad that some Commissioners are questioning. She was recently drafted to the City of Phoenix bond election process. Phoenix has a bond election every five years. Although the bond projects were not completed, they went ahead and started a new bond process. She does not want to lose credibility with Scottsdale citizens. She read that the City may be considering an arts bond election. The arts got no money in the 2000 bond election. The City of Phoenix gave \$80 million to the arts in 2000 and another \$60 million this time. If a Scottsdale arts bond election is imminent, it is important to keep credibility with the citizens of Scottsdale.

Councilman Lane said he is not familiar with the newspaper article or any plans for a Scottsdale arts bond election. He asked how much the assessed valuation has gone up since 2000. Mr. Clifford undertook to find out. He added that there are regulations capping property tax increases. He said that maybe it is better to have more frequent bond elections for smaller amounts, because no one can see ten years into the future. If new needs are identified in the community they could go to the voters and propose a new bond issuance.

Mr. Klingler noted that 30 million dollars' worth of bond projects have been completed and the Commission has a lot to be proud of. Approximately another 35 million dollars' worth is almost completed and there is \$20 million in the pipeline.

Chairman Sagert requested a show of hands from the Commissioners as to who felt comfortable with the speed with which projects are being done, given the constraints discussed. Commissioners Adams and Kaufman did not raise their hands.

AGENDA ITEM C - PARKS PROJECT UPDATE

Mr. Klingler noted that Commissioner Adams wanted to discuss the impacts of some of the projects that are farther out in the program, specifically the parks programs.

Commissioner Adams said he wants to focus on the park projects in the north end of Scottsdale. He is concerned that with inflation the cost of acquiring assets, property, materials and labor is rising. The original plan was to have the parks projects completed by 2007. They have not yet been brought before the Commission. When they are brought to the Commission, Commissioner Adams expects that they will be scheduled for the future and that costs will cause either the elimination or reduction of the services.

Mr. Rullo distributed a Citizens Bond Review Commission Project Management and Funding Options handout. Mr. Klingler replied that there are other alternatives. Savings realized on other programs could be applied to costlier projects. Projects could be split into separate phases and done gradually. They might find alternate funding sources. Canceling a project would be a last resort.

Commissioner Adams said his opinion is that demands on Scottsdale parks exceed the funds. He wants to know what the thinking is on the pending parks projects. He asked specifically about the DC Ranch Community Park, the Troon North Park, Scottsdale Ranch Tennis Courts, the Eldorado Ball Field renovation, Grayhawk Community Park and the sports lighting expansion upgrade.

Mr. Penfield presented an update, specifically reporting that Troon North is budgeted in the five-year plan. They are selecting a consultant for Eldorado Ball Field. DC Ranch Community Park is not in the five-year plan right now, nor is the DC Ranch Neighborhood Park. Whisper Rock Park was in the original bond as Desert Mountain Park. All these projects are looked at every year and in fact the department responds on an ongoing basis to citizen input. Projects may be listed as pending and yet actually be funded. He mentioned that they look at operating costs in conjunction with the timing of project completion. He had always expected that it would take about ten years to complete most of the projects.

Commissioner Adams said he appreciates that they have evaluated those projects on an ongoing basis. He asked whether it would be possible to complete the projects as originally conceived or whether their scope would have to be reduced or the budget increased.

Vice-Chairman West shared Commissioner Adams' concerns about construction costs. Part of the inflationary pressure is due to the spike in oil prices. As the housing boom softens, prices will not increase so fast.

Mr. Penfield confirmed that they will need to take some decisions. They look at projects and rescope as necessary. He used Greyhawk as an example. Other projects will likely need to be reduced in scope. That is the reality as time goes on. He understood Commissioner Adams' concern that by doing them sooner rather than later money would be saved. He noted the presence of Ms. Weiss, Parks and Recreation Director and repeated that the projects are rescope every year.

Commissioner Beckner noted that if you start with the assumption that every project had a defined scope at the outset with a known cost, then any project that was not

immediately started would by definition have to be reduced in scope to stay within the budget. However, the projects were not defined to that degree at the outset. He knew that the further off in time the projects were planned for, the vaguer they were in scope and the less accurate budget projections could be. Nonetheless plans are still valuable. His experience was that in many cases the budgets were too high. He is not all that concerned that projects will have to be reduced in scope because many projects were not very specific in the first place.

Mr. Penfield said that they prioritized the projects immediately after the bond election. Savings have been realized on some projects. Whenever they have moved money around, it has always been brought before the Commission before going to City Council.

Councilman Lane asked Mr. Penfield if, other than rescoping as discussed, it is fair to assume that the list is consistent with the list of projects intended at the time of the original bonding. Have any projects been either added or deleted from the original list? Mr. Penfield said they deleted plans for an off-leash dog area at Mustang Library because it was realized that the area was not large enough to be feasible. The money was used to supplement another project. In the current year's budget, \$3 million was set aside for North Area Park acquisition. Whisper Rock was acquired for \$1.9 million. The surplus \$1.1 million was transferred to another project with the agreement of the Commission and City Council. He added that no projects have been added.

Commissioner Raiff requested clarification of the budget process. He wanted to be sure that projects that are not yet scheduled are not lost to view. Mr. Penfield replied that because of the interest that has been expressed, staff will be very careful to bring all the information to the Commission at the February meeting.

Commissioner Raiff said he presumes that one reason park projects are likely to be postponed is because of operating costs when staff salaries are involved. He asked whether components that involve a significant operating cost can be put into phase 2 of a project. Mr. Penfield replied that this has not routinely been done. In the case of Greyhawk that had been the end result.

Commissioner Raiff commented that at the February meeting there will likely be a lot of questions about whether adjustments could be made in the operating burden in order to move them forward. Mr. Penfield said staff will be careful to bring that information to the meeting.

Vice-Chairman West asked whether a factor was added to take into consideration the additional costs due to inflation. Mr. Penfield said that an inflation factor was added at the outset, based on which year a project was scheduled to be implemented. Ms. Brotman confirmed this.

Commissioner Tannenbaum asked if bonds are being considered for the next election. Mr. Clifford replied that currently there are no plans. When the budget is brought forward there may be some talk about it.

Commissioner Magoon asked about the Preserve sales tax. Mr. Clifford explained that this is used for trailhead construction. Using money from this source for the trailheads would free up some bond money for library and park improvement.

AGENDA ITEM D PROPOSED BOND PROGRAM CHANGE - SCOTTSDALE SENIOR CENTER AT GRANITE REEF

With reference to the proposed transfer of \$1.4 million to Capital Improvement Project P0207 (Scottsdale Senior Center at Granite Reef), Mr. Penfield introduced Tim Milleck (phonetic), Manager of the Senior Center. Mr. Penfield presented a brief overview of the proposed project as well as some history. He noted that the proposed transfer would be funded by \$1,179,000 from Capital Improvement Project P0403 (Lost Dog Wash Access Area) and \$221,000 from Bond 2000 interest earnings.

Construction is expected to be completed early in the new year. Staff has identified a budget shortfall of about \$1.4 million. There were only nine change orders on the project and less than 2 percent of the project was the subject of change orders. This has been a very well managed project, Mr. Penfield stated. He noted that this is only the second time that they have done something as extraordinary as this. The first one was the Sonoran Hills transfer.

Commissioner Hughes asked whether the amount staff are requesting to transfer to the project represents a normal percentage for the changes that were made to the project.

Mr. Penfield replied that he hesitated to say that is the normal cost overrun for a project. Some extraordinary demands were placed on this project. The City Council recently adopted a LEED certification policy for all new City buildings. Working with the master planning of a 13-acre site was another extraordinary demand on the project. The lowest bid received was \$500,000 higher than the amount that staff had estimated for the building. Audiovisual equipment is being installed in the public assemble rooms so that televised public hearings can be held on the site.

Mr. Worth said that the normal expectation is zero overrun. When the project was bid there had been rapid price increases in steel and concrete. He explained how LEED certification is determined. The intent is to achieve an environmentally sensitive building that is healthier for its occupants. There can be energy cost savings over the lifetime of the building.

In response to a question from Chairman Sagert, Mr. Worth said it is hard to estimate how much of the cost overrun can be attributed to LEED certification. Staff think that from 2 to 5 percent of the total construction contract cost can be attributed to LEED. Mr. Penfield added that the contract cost is \$8.4 million.

Replying to a comment from Chairman Sagert, Mr. Worth said the intent of City policy is to achieve payback within five years. Some individual items do not have a payback. Mr. Penfield said that City Council authorized staff to enter into a contract with SRP for solar generation. There will be a 40-kilowatt solar array on the building. This is a unique partnership which will result in a lower utility rate on the building.

Commissioner Brotman asked about the Preserve sales tax. She wanted to know whether spending Preserve sales tax would delay acquisition of Preserve lands.

Mr. Clifford stated that sales tax receipts are very healthy right now. The upcoming November bond sale includes \$20 million to wrap up the private acquisitions in the Preserve. The City has been buying the land over the past year and the \$20 million will

pay back the City. The only other land for the Preserve is State land. The City is waiting to see the outcome of the referendum proposed for next fall's election. If that initiative is successful, they will be able to acquire the land for less money. Meanwhile the sales tax is accumulating and he plans to use that for the future bond issue on the Preserve. Using the funds as proposed would free up other funds for use elsewhere and does not compromise the long-term acquisition of the land.

Commissioner Adams asked what the implications are for the Lost Dog Wash access. Mr. Clifford said that if this proposal is approved, it would be done on the same time line, using the sales tax. There are adequate sales tax funds to pay for this.

Commissioner Adams noted that the proposal is to move funds from two areas. Mr. Clifford said this was because the Lost Dog Wash Access was less than the amount needed for the Senior Center. The remainder is proposed to be taken from bond interest earnings.

Commissioner Raiff asked how \$1 million could not impact acquisition capability. Mr. Clifford replied that this is a small sum relative to \$500 million, and is small if the referendum passes. Commissioner Tannenbaum asked about the referendum initiative. Mr. Klingler and Mr. Clifford explained the thinking behind it.

Commissioner Raiff said he appreciates staff's logic and straightforwardness. He asked if staff have another alternative funding source, because he could not support taking money away from the capability to acquire land when most people believe the City's capability to acquire land is underfunded.

Mr. Clifford said that the next alternative would be to take it all from bond interest earnings. There is a \$2.1 million balance accumulated over five years.

Commissioner Frost asked whether the money could be taken from the bonds that are about to be issued, rather than using the sales tax. Mr. Clifford pointed out that the City would have to pay interest if that was the option chosen.

Vice-Chairman West requested confirmation that the money to be transferred would be replaced with sales tax money. Mr. Clifford stated that was the case. A similar situation had arisen during the 1989 bond authorization when staff were faced with a limit. Many of the transportation projects were built using the dedicated transportation sales tax. His suggestion is to use the available bonding for the Senior Center because an alternative funding source is available to fund the Lost Dog Wash access. The only other source of funds for the Senior Center is the bond interest earnings.

Mr. Dreska clarified that the suggestion is to use the dedicated Preserve sales tax, not general sales tax. Vice-Chairman West said that he understands this. He has nothing but respect for Mr. Clifford, but is still struggling with the park money being transferred to a non park project. He considers the Senior Center as a redevelopment project rather than a recreation project. Mr. Klingler clarified that the Senior Center was, in fact, a bond project.

Vice-Chairman West queried Mr. Clifford's comment that there was a lot of master planning involved in the Senior Center project. He asked what was included in that. Mr.

Penfield stated that the planning had to be done as a whole because there is some shared infrastructure. The City was very involved with the private developer of the senior housing.

Vice-Chairman West asked if the master planning included site work, utility improvement or anything else outside of the acreage that the Senior Center is on. Mr. Penfield replied that it did. The City shared the costs of the work that was done in the master planning. It was a change to the original architectural contract that they had not anticipated. He assured the Commission that the costs were split in proportion with the private developer.

Commissioner Lanin noted that originally in the bond the Senior Center was estimated at just under \$10 million. The budget now says that it is just under \$11 million. Another \$1.4 million is to be added, meaning a total cost of \$12.4 million. This represents an increase of some 24 percent. He asked for an explanation of how the budget grew from \$10 million to \$11 million and whether this was the final amount. Mr. Penfield replied that in 1998, they were using about \$160 per square foot. Today the cost they use to budget is \$300 per square foot. Every adjustment made to the Senior Center budget was brought to the Citizens Bond Review Commission.

Vice-Chairman West asked if this project is to replace the existing Senior Center. Mr. Penfield replied that it is. In answer to a further questions from Vice-Chairman West he stated that the existing building belongs to the City. Because the City received federal funding, use of the site is limited to social services. Vice-Chairman West noted that there is still a residual value left in the old Senior Center building and some credit should be shown to account for that. Mr. Penfield said that money to acquire the land was always part of the bond budget. Mr. Clifford said there was never a plan to apply a credit from the old Senior Center to the new one. Commissioner Lanin asked what the building will be used for. Mr. Clifford said that is yet to be determined. If the building is sold, the funds have to be channeled back into social services or returned to the federal government.

Vice-Chairman West said that on paper there is a value to the old building. Mr. Clifford replied that the City paid for the 4-acre share of the land that the new Senior Center is on.

Commissioner Sisley asked about the theater on the campus. Mr. Clifford said he does not know the current status. He added that if the development proceeds the theater would have to move at some point since the City is required to provide that land. Commissioner Sisley said if the City is paying to design the theater into the master plan and they are not planning to locate there, a serious discussion with the theater would be in order. Mr. Penfield said the City is not building the theater. It has acreage identified for it.

Commissioner Beckner said he suspects that had the Senior Center been a stand-alone project, staff would have found a way to stay within the original budget. The dynamics of a signature project tends to lead to overruns. Mr. Klingler stated that the goal of staff is always to avoid overruns. There are many reasons for the present overruns. Staff is asking for approval to adjust a couple of projects in the budget. This could be achieved by using two-tenths of one percent of the Preserve sales tax, or by using half of the

accumulated bond interest. Staff does not take coming to the Commission lightly, but funds need to be transferred so that the Senior Center can be completed.

Commissioner Frost commented that that amount of sales tax probably represents about a month's worth of revenue and using it as proposed would not cause delays to any other projects.

Commissioner Hughes said he has a remaining concern that some projects throughout the city only have Bond funding. This project enjoys multiple sources of funding. He would like if possible to stay within bond dollars rather than cause some other project to be canceled. Mr. Klingler reassured him that no projects are being canceled.

COMMISSIONER FROST MOVED THE TRANSFER OF FUNDS AS PROPOSED BY STAFF. COMMISSIONER BROTMAN SECONDED THE MOTION.

Vice-Chairman West asked for discussion. He stated his position that this is bond money and as a matter of principle he would suggest that they take all the money out of the bond interest earnings. Commissioner Raiff agreed with Vice-Chairman West.

Commissioner Tannenbaum read the action portion of this agenda item, "Forward a recommendation to City Council concerning staff's request to transfer appropriation between Bond 2000 projects." She asked whether this was giving staff permission to move funds for other projects.

Chairman Sagert asked Commissioner Frost to clarify her motion.

COMMISSIONER FROST MOVED TO ENDORSE THE STAFF'S RECOMMENDATION TO TRANSFER FUNDING FROM THE LOST DOG WASH PROJECT AND FROM BOND INTEREST TO THE SENIOR CENTER PROJECT, AS PROPOSED BY STAFF. COMMISSIONER BROTMAN SECONDED THE MOTION. THE MOTION PASSED BY A VOTE OF 7 (SEVEN) TO 5 (FIVE), WITH VICE-CHAIRMAN WEST AND COMMISSIONERS HUGHES, MAGOON, RAIFF AND LANIN DISSENTING.

E STATUS OF BOND 2000 PROJECTS

Mr. Worth reported on the highlights of the active bond projects.

Staff will go to City Council in December to request an action to award an engineering design contract for the renovation of the Civic Center Mall west restroom.

He reported that the CAP Basin Sports Complex should be substantially completed prior to the FBR Open. Commissioner Raiff asked when the renovated Sports Complex will be available for sporting use. Mr. Worth said this would be in March.

The Senior Center at Granite Reef is 70 percent complete and on schedule. The McDowell Mountain Ranch Park and Aquatic Center is scheduled for completion in time for the summer 2006 season.

With regard to the Police/Fire Training Facility Phase 2, Council awarded a design/build contract for the tower on October 18. The two police projects for the old south

corporation yard at McKellips and Miller are being designed and built together. Staff are asking for bids for a construction manager at risk and expect to go to Council in January.

Council approved moving forward with a modification to the Indian Bend Road project design. The goal is for completion by summer of 2007. Commissioner Beckner asked if the tunnel proposal for Indian Bend Wash had been abandoned and Mr. Worth replied that was the case.

Commissioner Adams asked about the budget increase from \$8,650,000 to \$10,150,000 for improvements to Cactus Road from the freeway to Frank Lloyd Wright Boulevard. Mr. Worth responded that reflects an increase that was made as part of the FY 2005/2006 budget development process in the CIP approval process.

Mr. Worth said that construction is under way on the Hayden Road and MacDonald Road intersection improvements. With regard to Scottsdale Road from Frank Lloyd Wright to Thompson Peak Parkway, construction of the drainage infrastructure around Union Hills is nearing completion. Subsequent portions to the south and the north will be built in conjunction with the City of Phoenix.

With regard to Pima Freeway to Thompson Peak, Mr. Worth reported that a native plant salvage firm is going to relocate trees in the path of the new alignment east of the existing Pima Road. They are going to ask Council to award a contract for a construction manager at risk on November 15.

Commissioner Kaufman asked about the difference between the project budget and the approved budget for the East Union Hills interceptor channel. Mr. Worth said this was due to an oversight on his part, noting that this is not a bond-funded project. Staff will correct the figures.

With regard to traffic management ITS, a construction contract was awarded in September. Work will begin on Pima Road in November.

Commissioner Lanin asked about CIP project S0315. Mr. Worth stated that the project addressed improvements at two intersections on Shea Boulevard. The Shea and 96th Street intersection is being executed with 96th Street improvements, which not a bond project. This will achieve efficiencies. The budget for the intersection improvements is \$296,000. The remaining funds will be spent on the intersection of Shea and 90th Street next spring.

Mr. Worth reported that the WestWorld arena 6, 7 and 8 relocation is substantially complete and has been used by a couple of horse shows.

Commissioner Adams asked about the difference between the number of active transportation projects shown on the website and in the information booklet. He requested clarification of what is meant by Bond 2000 projects.

Mr. Penfield said a partial explanation might be that some Bond 2000 projects are not being managed by Capital Project Management. They are being managed by Facilities Management.

Mr. Worth said that some projects are carried in the CIP as individual projects that are not shown as separate pages in the report. An example would be the Hayden/MacDonald Road intersection, where other projects are associated to make improvements to a bus stop and install ITS equipment. Commissioner Worth pointed out that the website displays the information differently. Mr. Worth explained the details of the accounting and purchasing process. Commissioner Adams read a list of projects from the website that were not identified on the active report distributed to Commissioners. Mr. Klingler said that in future staff would account for active projects in the active report. This might be in the format of a separate page of 'other projects,' showing how they are spread out. Commissioner Adams agreed that he wants to be able to track the projects.

Commissioner Raiff said it is important to manage public expectations. He asked about the project on page 20 of the report. Mr. Worth said that the City is paying for the eastern half of the road. Commissioner Raiff asked if this project is on schedule, given that Scottsdale is not in control of the execution. Mr. Worth said that is the expectation.

Commissioner Adams said that on the last report there was a report on Camelback Road, project S0301 and the bikeways program P0704E. These do not appear on the active list.

Mr. Worth said that Camelback Road is still active. Mr. Dreska added that the bond funding for that project has now been replaced by the City transportation sales tax funding. He said he will correct the database that the website is derived from to reflect this change.

Commissioner Adams asked about the bike program, which appeared in the September report. Mr. Worth said that they had a particular sub-project on the bikeways. They funded the design improvements to the multi-use path on the Crosscut Canal with P0704. They are using a separate project for the construction.

Commissioner Adams suggested that when something drops from Bond funding, it should be brought to the Commission's attention. Mr. Klingler agreed, adding that staff can perhaps add a list of projects financed by substitute sources.

E FEBRUARY QUARTERLY MEETING

Chairman Sagert noted that the next meeting of the Commission is scheduled for February 2, 2006. He asked if anyone had items they wished to have placed on the agenda.

Commissioner Raiff commented that although he understands that the budget team is under a lot of pressure during that time, he would like to have the packet earlier so Commissioners would have more time to review its contents.

OPEN CALL TO THE PUBLIC

Mr. Larry Heath of 8608 East Dale Road thanked the Commissioners for their work. Having observed the meeting he considers it one of the most important civic responsibilities that anyone could undertake. He commended Commissioner Don

Adams for his pointed questions and the amount of preparation he obviously put into coming to this meeting and making sure that he is tracking the taxpayers' money.

He would like to see the Commission make sure that funds are going to cost overruns and that nothing is falling through the cracks. He is the father of children who play sports and came to the meeting because he wrote an article for the paper about the claim that funds for parks are running short. It does not make sense that park construction is just getting started with monies that were earmarked for that purpose and that funds would be running short. He understands why the parks were not built sooner.

He was involved in the McDowell Mountain Ranch Aquatic Center debate. He said that there had been a master plan before. Every time amenities are cut, demand on other existing facilities increases. North Scottsdale is experiencing population growth and park development is not keeping pace. This is a quality of life issue. He feels passionately that Scottsdale should deliver what it promised to the citizens.

Chairman Sagert thanked Mr. Heath for his comments. He inquired about the article, which had already appeared in the Arizona Republic. He noted that having attended the meeting tonight he now has a better grasp of the parks funding question.

It was explained to Mr. Heath that not all projects can happen at the same time, and that staging has to occur in order for the City to function on a day-to-day basis. In addition, some projects are more efficiently conducted in conjunction with other projects that are scheduled to occur. It was also explained to Mr. Heath that in order for Scottsdale to maintain the highest bond ratings, issuance of all bond proposition debt approved by the voters in 2000 needed to occur over a span of time, and that the voters have to be patient to receive what they approved.

Chairman Sagert asked Mr. Heath for a retraction of his derogatory Op Ed article about the 2000 Bond Commission's ability to fund the parks he wants when he wants them. Mr. Heath was then presented with a copy of his published comments and apologized to the entire Commission and City staff for the misconceptions contained in his article.

PRESIDING OFFICER'S SUMMARY OF CURRENT EVENTS

None.

ADJOURNMENT

With no further business to discuss, being duly moved and seconded, the meeting adjourned at 7:59 p.m.

Respectfully submitted,
AV-Tronics, Inc.